

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF JANUARY 31, 2006**

	January-06				December-05				September-05				Current Fiscal YTD	Prior Year FY05	3 Years Ended 6/30/2005	5 Years Ended 6/30/2005
	Market Value	Allocation Actual	Policy	Month Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Net ROR	Net ROR	Net	Net
LARGE CAP DOMESTIC EQUITY																
<i>Structured Growth</i>																
LA Capital	73,787,045	4.5%	4.5%	4.37%	70,686,386	4.5%	4.5%	3.42%	70,815,392	4.6%	4.5%	5.64%	14.02%	8.17%	N/A	N/A
Total Structured Growth	73,787,045	4.5%	4.5%	4.37%	70,686,386	4.5%	4.5%	3.42%	70,815,392	4.6%	4.5%	5.64%	14.02%	8.17%	8.30%	-8.29%
<i>Russell 1000 Growth</i>				1.76%				2.98%				4.01%	8.99%	1.67%	7.25%	-10.36%
<i>Structured Value</i>																
LSV	75,078,142	4.6%	4.5%	4.72%	71,674,393	4.6%	4.5%	2.42%	70,359,654	4.6%	4.5%	4.82%	12.42%	18.24%	14.45%	14.70%
<i>Russell 1000 Value</i>				3.88%				1.27%				3.88%	9.28%	14.06%	11.00%	5.27%
<i>Enhanced Russell 1000 Index</i>																
LA Capital	99,837,149	6.1%	6.0%	4.54%	95,489,365	6.1%	6.0%	2.69%	95,055,979	6.2%	6.0%	6.85%	14.70%	7.39%	8.78%	N/A
<i>Russell 1000</i>				2.80%				2.12%				3.95%	9.13%	7.92%	9.19%	N/A
<i>Enhanced S&P 500 Index</i>																
Northern Trust	96,798,100	5.9%	6.0%	2.28%	94,656,897	6.0%	6.0%	2.57%	92,676,114	6.0%	6.0%	3.81%	8.91%	6.02%	8.16%	N/A
Westridge	97,284,142	5.9%	6.0%	2.68%	94,726,600	6.0%	6.0%	2.10%	92,465,312	6.0%	6.0%	3.65%	8.65%	6.66%	8.57%	N/A
Total Enhanced S&P 500 Index	194,082,242	11.9%	12.0%	2.48%	189,383,497	12.1%	12.0%	2.33%	185,141,426	12.0%	12.0%	3.73%	8.78%	6.26%	8.87%	N/A
<i>S&P 500</i>				2.65%				2.09%				3.60%	8.57%	6.32%	8.28%	N/A
<i>S&P 500 Index</i>																
State Street	48,773,404	3.0%	3.0%	2.65%	47,513,524	3.0%	3.0%	2.07%	46,389,436	3.0%	3.0%	3.61%	8.56%	6.34%	8.30%	-2.34%
<i>S&P 500</i>				2.65%				2.09%				3.60%	8.57%	6.32%	8.28%	-2.37%
TOTAL LARGE CAP DOMESTIC EQUITY	491,557,982	30.0%	30.0%	3.53%	474,747,165	30.2%	30.0%	2.55%	467,761,886	30.4%	30.0%	4.78%	11.25%	8.65%	9.54%	-0.74%
<i>S&P 500</i>				2.65%				2.09%				3.60%	8.57%	6.32%	8.28%	-2.37%
SMALL CAP DOMESTIC EQUITY																
<i>Manager-of-Managers</i>																
SEI	174,250,832	10.6%	10.0%	9.05%	159,766,834	10.2%	10.0%	0.97%	158,038,229	10.3%	10.0%	5.48%	16.13%	9.36%	13.65%	N/A
<i>Russell 2000 + 200bp</i>				9.13%				1.64%				5.21%	16.70%	11.64%	15.07%	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	174,250,832	10.6%	10.0%	9.05%	159,766,834	10.2%	10.0%	0.97%	158,038,229	10.3%	10.0%	5.48%	16.13%	9.36%	13.65%	5.64%
<i>Russell 2000</i>				8.97%				1.13%				4.69%	15.37%	9.45%	12.81%	5.71%
INTERNATIONAL EQUITY																
<i>Large Cap - Core</i>																
State Street	17,681,567	1.1%	1.0%	6.53%	16,561,750	1.1%	1.0%	4.44%	16,771,189	1.1%	1.0%	10.65%	23.11%	7.68%	7.31%	-2.19%
<i>MSCI EAFE (1)</i>				6.14%				4.08%				10.38%	21.94%	9.59%	7.29%	-2.85%
<i>Large Cap - Active</i>																
Capital Guardian	53,046,916	3.2%	3.0%	4.91%	50,395,527	3.2%	3.0%	9.43%	50,194,725	3.3%	3.0%	11.82%	28.38%	11.23%	7.35%	-3.02%
LSV	52,068,246	3.2%	3.0%	5.90%	49,073,209	3.1%	3.0%	4.29%	49,949,026	3.2%	3.0%	11.55%	23.19%	N/A	N/A	N/A
Bank of Ireland	17,497,529	1.1%	1.0%	6.78%	16,367,952	1.0%	1.0%	3.28%	16,149,923	1.1%	1.0%	6.99%	17.99%	12.20%	N/A	N/A
Total Large Cap - Active	122,612,691	7.5%	7.0%	5.59%	115,836,688	7.4%	7.0%	6.36%	116,293,675	7.6%	7.0%	11.02%	24.69%	13.74%	8.14%	-2.37%
<i>MSCI EAFE - 50% Hedged</i>				4.98%				5.84%				11.07%	23.41%	14.41%	8.84%	-2.01%
<i>Small Cap - Active</i>																
Lazard	17,534,334	1.1%	1.0%	7.14%	16,319,605	1.0%	1.0%	2.89%	16,531,234	1.1%	1.0%	9.65%	20.86%	19.82%	N/A	N/A
Wellington	18,057,448	1.1%	1.0%	6.73%	16,881,154	1.1%	1.0%	5.95%	16,232,695	1.1%	1.0%	8.08%	22.22%	12.00%	N/A	N/A
Total Small Cap - Active	35,591,783	2.2%	2.0%	6.93%	33,200,759	2.1%	2.0%	4.41%	32,763,928	2.1%	2.0%	8.88%	21.56%	15.90%	N/A	N/A
<i>Citigroup Broad Market Index < \$2BN</i>				6.20%				8.94%				12.05%	29.63%	21.33%	N/A	N/A
TOTAL INTERNATIONAL EQUITY	175,886,040	10.7%	10.0%	5.95%	165,599,197	10.5%	10.0%	5.77%	165,828,792	10.8%	10.0%	10.56%	23.90%	13.12%	10.28%	-0.51%
<i>MSCI EAFE - 50% Hedged</i>				4.98%				5.84%				11.07%	23.41%	14.41%	8.84%	-2.01%
EMERGING MARKETS EQUITY																
<i>Core</i>																
Capital Guardian	17,653,565	1.1%	1.7%	11.11%	15,888,884	1.0%	1.7%	9.92%	65,494,678	4.3%	3.6%	16.25%	41.99%	33.94%	22.44%	4.12%
Ishares-Index Fund (temporary)	16,008,160	1.0%	0.9%	15.32%	13,882,033	0.9%	0.9%	N/A	-	0.0%	0.9%	N/A	N/A	N/A	N/A	N/A
JP Morgan	15,971,294	1.0%	0.9%	13.09%	14,113,369	0.9%	0.9%	N/A	-	0.0%	0.9%	N/A	N/A	N/A	N/A	N/A
UBS	30,028,049	1.8%	1.5%	11.29%	26,959,619	1.7%	1.5%	7.63%	22,796,595	1.5%	1.4%	N/A	N/A	N/A	N/A	N/A
Total Core	79,661,068	4.9%	4.9%	12.40%	70,843,905	4.5%	4.9%	8.68%	88,291,273	5.7%	5.9%	17.05%	42.98%	33.94%	22.44%	4.12%
<i>MSCI Emerging Markets</i>				11.23%				7.20%				18.11%	40.84%	34.89%	24.42%	7.64%
<i>Small Cap</i>																
DFA	17,845,177	1.1%	1.0%	9.59%	16,274,051	1.0%	1.0%	8.16%	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
<i>MSCI Emerging Markets</i>				11.23%				7.20%								
TOTAL EMERGING MARKETS EQUITY	97,506,245	6.0%	5.0%	11.87%	87,117,955	5.5%	5.0%	8.22%	88,291,273	5.7%	5.0%	17.05%	41.71%	33.94%	22.44%	4.12%
<i>MSCI Emerging Markets</i>				11.23%				7.20%				18.11%	40.84%	34.89%	24.42%	7.64%
DOMESTIC FIXED INCOME																
<i>Core Bond</i>																
Western Asset	40,042,662	2.4%	2.3%	0.40%	39,883,406	2.5%	2.5%	0.24%	33,978,831	2.2%	2.6%	-0.48%	0.15%	7.25%	7.46%	8.91%
<i>Lehman Aggregate</i>				0.01%				0.59%				-0.67%	-0.08%	6.80%	5.75%	7.40%
<i>Index</i>																
Bank of ND	81,269,435	5.0%	6.0%	-0.20%	81,428,000	5.2%	6.0%	0.64%	69,862,046	4.5%	4.8%	-0.93%	-0.50%	7.23%	6.11%	7.77%
Bank of ND Match Loan CD Program	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	19,021,175	1.2%	1.2%	1.28%	N/A	5.08%	5.33%	5.53%
Total Index	81,269,435	5.0%	6.0%	-0.20%	81,428,000	5.2%	6.0%	0.83%	88,883,221	5.8%	6.0%	-0.43%	0.19%	6.91%	5.88%	7.41%
<i>Lehman Gov/Credit</i>				-0.18%				0.60%				-0.96%	-0.55%	7.26%	6.41%	7.70%
<i>Convertibles</i>																
TCW	41,494,750	2.5%	2.4%	3.55%	40,051,708	2.6%	2.5%	1.16%	34,388,953	2.2%	2.4%	2.95%	7.83%	-0.23%	8.73%	-2.63%
<i>Merrill Lynch All Convertibles</i>				4.12%				0.46%				4.15%	8.94%	0.66%	9.94%	0.50%

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	January-06				December-05				September-05				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Policy	Month	Market Value	Allocation	Policy	Quarter	Market Value	Allocation	Policy	Quarter	Fiscal YTD	FY05	Ended	Ended
				Net ROR				Net ROR				Net ROR	Net ROR	Net ROR	6/30/2005	6/30/2005
															Net	Net
BBB Average Quality																
Wells Capital	39,740,525	2.4%	2.3%	-0.01%	39,733,582	2.5%	2.5%	0.56%	33,517,868	2.2%	2.6%	-1.65%	-1.11%	12.04%	9.22%	8.81%
<i>Lehman BBB</i>				-0.13%				0.39%				-0.97%	-0.72%	8.60%	9.16%	7.86%
Private Debt																
Prudential	39,893,672	2.4%	2.4%	-0.09%	39,944,612	2.5%	2.5%	0.82%	33,285,599	2.2%	2.2%	-0.27%	0.45%	N/A	N/A	N/A
<i>Lehman Aggregate</i>				0.01%				0.59%				-0.08%	-0.08%	N/A	N/A	N/A
Timberland																
<i>RMK</i>	35,697,407	2.2%	2.2%	5.56%	33,791,383	2.2%	2.2%	-6.09%	36,378,341	2.4%	2.4%	-0.24%	-1.10%	14.50%	12.47%	N/A
<i>TIR</i>	103,364,558	6.3%	6.3%	13.19%	91,296,173	5.8%	5.8%	3.19%	91,448,499	5.9%	5.9%	-0.09%	16.69%	N/A	N/A	N/A
Total Timberland	139,061,964	8.5%	8.5%	11.13%	125,087,555	8.0%	8.0%	0.55%	127,826,840	8.3%	8.3%	-0.13%	11.59%	44.29%	21.48%	N/A
<i>NCREIF Timberland Index</i>				0.00%				11.98%				13.04%	14.07%	7.31%	N/A	N/A
TOTAL DOMESTIC FIXED INCOME	381,503,008	23.3%	24.0%	4.18%	366,128,864	23.3%	24.0%	0.68%	351,881,313	22.9%	24.0%	-0.19%	4.69%	19.23%	11.83%	8.92%
<i>Lehman Aggregate</i>				0.01%				0.59%				-0.67%	-0.08%	6.80%	5.75%	7.40%
HIGH YIELD BONDS																
Loomis Sayles	38,866,261	2.4%	2.5%	2.25%	38,122,418	2.4%	2.5%	1.36%	37,772,685	2.5%	2.5%	1.24%	4.92%	15.96%	N/A	N/A
<i>Lehman High Yield Cash Pay Index</i>				1.19%				0.80%				0.99%	3.01%	10.83%	N/A	N/A
Sutter/Wells Capital	38,362,389	2.3%	2.5%	1.32%	37,898,585	2.4%	2.5%	1.38%	37,217,647	2.4%	2.5%	0.31%	3.03%	9.62%	N/A	N/A
<i>Merrill Lynch High Yield Master II Index</i>				1.19%				0.80%				0.99%	3.01%	10.63%	N/A	N/A
TOTAL HIGH YIELD BONDS	77,228,650	4.7%	5.0%	1.78%	76,021,003	4.8%	5.0%	1.37%	74,990,331	4.9%	5.0%	0.77%	3.98%	12.76%	13.38%	5.52%
<i>Lehman High Yield Bond Index</i>				1.19%				0.80%				0.99%	3.01%	10.86%	14.51%	7.47%
INTERNATIONAL FIXED INCOME																
International Sovereign																
UBS Global (Brinson)	36,879,972	2.3%	2.5%	1.54%	36,309,416	2.3%	2.5%	-2.54%	36,769,202	2.4%	2.5%	-1.08%	-2.12%	7.92%	11.22%	8.24%
<i>Citigroup Non-US Gov't Bond Index (2)</i>				1.72%				-2.61%				-1.24%	-2.16%	7.75%	10.98%	7.92%
International Core																
Brandywine	38,462,091	2.3%	2.5%	1.87%	37,816,746	2.4%	2.5%	-0.22%	37,366,135	2.4%	2.5%	0.80%	2.47%	11.78%	N/A	N/A
<i>Lehman Global Aggregate (ex-US)</i>				2.08%				-2.39%				-0.86%	-1.21%	8.10%	N/A	N/A
TOTAL INTERNATIONAL FIXED INCOME	75,342,063	4.6%	5.0%	1.71%	74,126,162	4.7%	5.0%	-1.36%	74,135,338	4.8%	5.0%	0.17%	9.84%	12.08%	12.08%	8.74%
<i>Citigroup Non-US Gov't Bond Index (2)</i>				1.72%				-2.61%				-1.24%	-2.16%	7.75%	10.98%	7.92%
REAL ESTATE																
INVESCO	41,362,971			-0.09%	41,404,402			1.73%	40,766,608			7.19%	8.94%	22.20%	12.15%	10.44%
<i>J.P. Morgan</i>	45,291,378			1.20%	42,388,011			4.94%	40,394,385			6.33%	12.92%	19.52%	12.70%	10.44%
TOTAL REAL ESTATE	86,654,349	5.3%	5.0%	0.56%	83,792,413	5.3%	5.0%	3.33%	81,160,993	5.3%	5.0%	6.76%	10.94%	20.77%	12.39%	10.43%
<i>NCREIF TOTAL INDEX</i>				1.78%				5.43%				4.44%	12.07%	18.02%	12.07%	10.81%
ALTERNATIVE INVESTMENTS																
<i>Brinson IVCF II</i>	110,623			0.00%	110,623			22.67%	90,179			0.00%	22.67%	0.89%	3.69%	-11.70%
<i>Coral Partners II</i>	100,436			0.00%	100,439			3.92%	123,908			0.19%	4.12%	1.13%	8.47%	-21.52%
<i>Coral Partners V</i>	4,509,045			0.00%	4,507,643			1.43%	4,441,943			0.01%	1.44%	-18.97%	-24.36%	-22.64%
<i>Coral Partners V - Supplemental</i>	537,572			0.00%	537,405			-1.04%	542,802			-7.36%	-8.32%	-6.85%	-4.52%	N/A
<i>Coral Partners VI</i>	6,622,451			0.00%	5,390,382			2.13%	4,353,286			-1.55%	0.55%	-1.17%	N/A	N/A
<i>Brinson 1998 Partnership Fund</i>	1,397,018			0.00%	1,396,583			3.50%	1,348,645			3.17%	6.78%	19.64%	3.73%	-1.83%
<i>Brinson 1999 Partnership Fund</i>	2,349,809			0.00%	2,349,078			0.64%	2,631,322			2.44%	3.10%	9.31%	1.61%	-4.71%
<i>Brinson 2000 Partnership Fund</i>	5,544,871			0.00%	5,543,147			3.70%	5,368,785			6.45%	10.39%	14.97%	3.21%	-0.80%
<i>Brinson 2001 Partnership Fund</i>	3,723,802			0.00%	3,722,644			2.53%	3,173,636			3.91%	6.53%	4.00%	1.40%	N/A
<i>Brinson 2002 Partnership Fund</i>	2,052,132			0.00%	2,051,494			3.38%	1,983,500			3.47%	6.97%	-4.22%	6.13%	N/A
<i>Brinson 2003 Partnership Fund</i>	505,421			0.00%	505,263			5.26%	394,646			7.59%	13.25%	1.71%	N/A	N/A
<i>Brinson 1999 Non-US Partnership Fund</i>	1,182,871			0.00%	1,182,503			-1.05%	1,194,478			-5.55%	-6.54%	32.09%	21.85%	11.30%
<i>Brinson 2000 Non-US Partnership Fund</i>	1,774,301			0.00%	1,773,750			7.48%	1,649,489			-0.69%	6.74%	15.57%	13.45%	4.88%
<i>Brinson 2001 Non-US Partnership Fund</i>	1,571,676			0.00%	1,571,188			3.98%	1,808,748			9.11%	13.45%	9.19%	8.24%	N/A
<i>Brinson 2002 Non-US Partnership Fund</i>	2,715,235			0.00%	2,714,391			15.23%	2,144,443			-0.04%	15.18%	12.60%	12.07%	N/A
<i>Brinson 2003 Non-US Partnership Fund</i>	1,337,795			0.00%	1,337,379			12.34%	1,189,936			0.61%	13.03%	2.52%	N/A	N/A
<i>Brinson 2004 Non-US Partnership Fund</i>	501,896			0.00%	501,740			9.37%	311,041			4.09%	13.84%	0.42%	N/A	N/A
<i>Brinson BVCF IV</i>	8,010,382			0.00%	7,839,781			8.77%	7,204,263			10.29%	19.96%	6.06%	3.14%	-7.20%
<i>Matlin Patterson Global Opportunities</i>	7,298,155			0.00%	7,295,886			-1.36%	7,612,688			-8.79%	-10.03%	102.75%	N/A	N/A
<i>Matlin Patterson Global Opportunities II</i>	6,221,825			0.00%	6,509,523			0.00%	6,509,686			0.00%	0.00%	N/A	N/A	N/A
<i>InvestAmerica</i>	2,070,353			0.00%	2,069,710			0.00%	2,068,707			0.00%	0.00%	-18.88%	-13.16%	N/A
<i>Hearthstone MSII</i>	0			0.00%	0			0.00%	326,842			0.00%	0.00%	1214.92%	179.43%	90.03%
<i>Hearthstone MSIII</i>	4,282,664			0.00%	4,281,333			7.40%	5,948,415			4.53%	12.27%	16.51%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (3)	64,420,336	3.9%	5.0%	0.00%	63,291,887	4.0%	5.0%	3.65%	62,421,388	4.1%	5.0%	1.64%	5.34%	17.24%	3.02%	-4.45%
CASH EQUIVALENTS																
Northern Trust STIF/STEP	12,985,225	0.8%	1.0%	0.43%	19,982,611	1.3%	1.0%	0.85%	13,469,141	0.9%	1.0%	0.89%	2.19%	2.19%	1.82%	2.72%
<i>90 Day T-Bill</i>				0.32%				0.92%				0.83%	2.08%	2.15%	1.55%	2.62%
TOTAL FUND	1,637,334,730	100.0%	100.0%	4.45%	1,570,574,092	100.0%	100.0%	2.36%	1,537,978,684	100.0%	100.0%	4.41%	11.63%	14.07%	11.96%	4.66%
POLICY TARGET BENCHMARK				2.99%				2.23%				3.67%	9.15%	10.46%	9.88%	3.83%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.